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TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE LABOR AND PUBLIC EMPLOYEES COMMITTEE
MARCH 8, 2007

I appreciate the opportunity to support House Bill 7032, An Act Concerning the Retention of Jobs in Connecticut and the United States.

The steady flow of jobs from the United States to foreign countries is threatening our economy and quality of life. We should not surrender high paying technology and manufacturing jobs to foreign companies that fail to compete on a level playing field.

Manufacturing in Connecticut has been declining steadily for years. Initially, the reason was a general shift to financial, insurance and other service jobs. More recently, competition from sunbelt states and now from other countries, has led to a migration of manufacturing jobs from Connecticut to places far beyond our borders. Now, service and technology jobs are regularly outsourced as well. In some cases, when corporations transferred jobs to cheaper labor markets, foreign companies have used inhumane pay and substandard working conditions and other unfair trade practices to compete unfairly and even drive our companies out of business.

We cannot accept outsourcing -- in the face of such unfair competition as an inexorable or inevitable economic trend. Manufacturing and other jobs are too important to maintaining our middle class, enhancing our technological expertise and ultimately preserving our national defense and way of life.

This legislation requires the Governor review all state contracts to determine whether state funds are spent for services performed outside the United States. Incredibly, we have no knowledge as to where our state funds are spent -- where the work on state contracts is actually done.

This measure also provides a preference in state contracting for work performed in the United States. All RFP's for services would include a statement that the state agency will consider the economic impact on Connecticut in awarding the contract and -- all other factors being equal -- would provide a higher rating to proposals involving the provision of those services within the United States. While some services provided outside of the United States may be competitive in price, there should be a clear, unequivocal preference for using state dollars on work done in the United States, if possible.

This legislation also requires any person providing services costing one hundred thousand dollars or more to agree to make reasonable efforts to originate or provide such services within the United States. The state contract should establish specific damages -- known as liquidated damages -- for any contractor's failure to make such reasonable efforts.

Finally, House Bill 7032 authorizes the Attorney General's office to assist Connecticut manufacturers and businesses in protecting their patents and businesses from illegal foreign trade practices.

In many discussions with Connecticut manufacturers, I have been told and given evidence that foreign manufacturers frequently compete unfairly and even illegally. Our patents may be unenforceable, for example, when foreign made imports mimic or copy American-made products. I urge the committee to consider establishing a strong and effective legal advocate for these manufacturers on trade issues. Too often, manufacturers lack the expertise or financial resources to fight unfair foreign competition in court or before the world trade tribunals. As a strong ally the U.S. Trade Representative should advocate the interests of our businesses.

I urge the committee's favorable consideration of House Bill 7032.